

APPENDIX G EXHIBIT A

REQUIREMENTS OF IOWA ROSE PROGRAM (“PROGRAM”)

SECTION 1. INTRODUCTION

The Iowa Renter to Ownership Savings Equity (ROSE) Program (“Program”) is only for low-income tenants which are qualified under the LIHTC Program. The Owner shall elect the 40/60 minimum set-aside for IRS elections and rent all Units at sixty percent (60%) or below AMI. This Program cannot be used in conjunction with State HOME Program funds. The Program has been established as an incubator to help tenants chosen for the Program (“Qualified Tenants”), move into homeownership. Qualified Tenants will have the opportunity to buy their home of choice after the initial lease period or to purchase the Qualified Tenant’s rental unit in the project at the end of the 15 year compliance period (“Compliance Period”), pursuant to IRC 42(h)(8)(1).

The Program Owner will rent single-family homes located within a project to persons interested in first-time homeownership under the Iowa ROSE. A desire for homeownership and a demonstrated willingness to address obstacles in obtaining and owning a home will be the focus of tenant selection and the services offered to the tenant, as outlined below. The Program is intended to help Qualified Tenants gain knowledge, training and savings to assist with home purchases.

SECTION 2. PROGRAM REQUIREMENTS

- A. The Owner shall adopt and present an Iowa ROSE homeownership plan, (“Plan”) in its Low Income Housing Tax Credit (“LIHTC”) Allocation Application package. The Plan must demonstrate how the project will meet Program requirements and detail how the purchase price will be determined, including but not limited to the Qualified Tenant’s monthly anticipated mortgage payment and tenant-paid utilities at the end of the Compliance Period. When the project is awarded tax credits the Plan will be included as an attachment to the Land Use Restrictive Covenants Agreement (“LURA”).
- B. Only detached single family homes qualify for the ROSE program and shall be new construction without an existing LURA.
- C. The Owner shall elect the 40/60 minimum set-aside for IRS elections and rent all Units at sixty percent (60%) or below AMI.
- D. All Unit rents shall be sixty percent (60%) AMI LIHTC Units. The Project shall be one hundred percent (100%) LIHTC.
- E. All utilities shall be paid by the tenant.
- F. The Owner will screen applicants per its tenant selection criteria and select tenants in conformity with the requirements of the LIHTC and Rose Programs.
- G. The Owner shall provide a prospective tenant a copy of this Exhibit A, “*Requirements of the Iowa ROSE Program*”. An acknowledgement of receipt of Exhibit A will be obtained from an applicant accepted as a Qualified Tenant and maintained in the Qualified Tenant’s lease file.
- H. The Owner shall offer Qualified Tenants personal homeownership counseling sessions with a housing counselor and document the date, time, place and content of these sessions. A housing counselor shall be an Iowa licensed residential insurance agent, real estate agent, personal financial planner, residential banker or accountant. Sessions should include but are not limited to helping a Qualified Tenant:
 - 1. Establish objectives in obtaining homeownership;
 - 2. Review progress;
 - 3. Identify areas of needed improvement; and

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4. Create a timetable to complete objectives.
- I. The Owner shall offer tenants semi-annual property maintenance workshops and document the date, time, place and content of these workshops. Workshops should include but are not limited to helping a tenant:
 1. Become familiar with electrical, heating and plumbing systems;
 2. Address problems identified in maintenance inspections;
 3. Recognize and teach seasonal preventative maintenance; and
 4. Develop home maintenance skills.
 - J. The Owner shall set up a United States insured bank, savings and loan association or credit union ROSE Program Savings account ("Program Savings") and deposit a minimum \$50 dollars per unit per month (the "Contribution") in the Program Savings for the benefit of the tenants. Program Savings shall not be commingled with any other funds. It is the responsibility of the Owner to maintain separate records detailing all Qualified Tenant/unit transactions. The Owner shall provide an annual statement of the Program savings account balance to each Qualified Tenant. Program Savings shall be used to assist the Qualified Tenants on whose behalf they have been established in the purchase of a home. Any remaining Program savings not used after all closings under the Program have occurred will be deposited in the Replacement Reserves account unless the Owner and IFA agree otherwise in writing. A Qualified Tenant shall not be guaranteed Program Savings earmarked for the Qualified Tenant's unit unless the Qualified Tenant: (1) purchases a home of choice prior to moving from the project or; (2) purchases the Qualified Tenant's leased unit at the end of the fifteen year Compliance Period. Program Savings may be used by a Qualified Tenant for the following types of home purchase assistance:
 1. Down payment; or
 2. Closing costs.
 - H. The Owner shall provide a lease that specifies:
 1. A Qualified Tenant shall be delivered notice of right of first refusal to purchase said Qualified Tenant's rental unit ("Right of First Refusal") six months before the end of the Compliance Period (15th year in the LIHTC Program); and
 2. A Qualified Tenant shall have the opportunity to participate in the Iowa ROSE Program and the Owner will deposit a Contribution (amount of Contribution) on behalf of the tenants; and
 3. The Owner shall provide quarterly personal housing counseling sessions and semi-annual home maintenance workshops in which the tenants shall be encouraged to participate. Program Savings cannot be withheld from a Qualified Tenant for lack of attendance or non-participation in counseling or maintenance offerings; and
 4. A Qualified Tenant must reside at the property at least one year to utilize the Program Savings account if purchasing a home of choice. A legally enforceable purchase offer in writing must be presented to the Owner or Owner's representative to start the process to release Program Savings; and
 5. Program Savings will be distributed directly to the Qualified Tenant's lending institution or closing settlement agent for the benefit of the Qualified Tenant in obtaining homeownership; and
 6. A tenant cannot access Program Savings if legally evicted or if the tenant does not obtain homeownership at the time of move-out.
 - I. The Owner shall include with its annual compliance submission, the following:
 1. A record of the tenants attaining homeownership and the amounts withdrawn from Program Savings attributed to their units; and
 2. A record of the Program Savings redistributions for units with tenants who vacate without obtaining homeownership to the units with tenants. The Program Savings forfeited by vacating tenants will be equally split among the remaining units with tenants; and
 3. Documentation of the Program Savings account contributions, withdrawals and redistributions must be available during compliance reviews or as requested by IFA at its discretion.

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- J. The Owner shall deliver by certified mail, return receipt requested, to a Qualified Tenant at least six months before, but no earlier than seven months before, the end of the Compliance Period, an enforceable written offer of Right of First Refusal. A Qualified Tenant shall have six months after such notice to accept or reject the offer and at least six months after the end of the Compliance Period to close on the Qualified Tenant's unit.
- K. The Owner shall not request a Qualified Contract pursuant to IRC 42 (h)(6)(F) until all Qualified Tenants have purchased and closed on their respective units, or have not timely exercised their Rights of First Refusal.
 - 1. If a Qualified Contract is not requested, any units not sold to tenants will remain as rental units in the LIHTC Program beyond the Compliance Period, an additional 15 years (the "Extended Use Period").
 - 2. After all Qualified Tenants who elect to do so have exercised their Right of First Refusal and have closed on their respective units, the Owner can request a Qualified Contract for any remaining units pursuant to the Code and the Iowa Finance Authority processing requirements.
 - 3. If a Qualified Contract is approved, the Section 42 rent requirements in favor of the existing tenants shall continue for a period of three years following the termination of the Extended Use Period.
- L. The Owner shall have a Capital Needs Assessment performed for the project by a third-party contractor and make improvements as needed prior to offering the units for sale to the Qualified Tenants. Any replacement reserves available will be used to make improvements. If the reserves are not sufficient, the Owner will provide other sources of funds to make the needed repairs. The Owner may retain any security deposit for tenant damages in accordance with state law.
- M. Before the Right of First Refusal is extended to the Qualified Tenants, the Owner shall provide IFA, for its approval, an updated initial Plan or a replacement Plan illustrating how the purchase price is being determined for each unit and attaching current market evidence of the Qualified Tenants' monthly anticipated mortgage payments and tenant-paid utilities. This updated or replacement Plan must be submitted to IFA by the end of the first month in year 15 of the Compliance Period, to allow IFA time to review and approve the updated or replacement Plan. This homeownership commitment must remain true to the tax credit program by ensuring that the opportunity for homeownership is directed at low-income households at an affordable price.
- N. The Owner shall be responsible for all project building and grounds maintenance, including the supplies and labor incident to such maintenance.
- O. During the Compliance Period the Owner shall provide Qualified Tenants with quarterly homeownership bulletins, that shall address topics such as:
 - 1. Homeownership programs and opportunities;
 - 2. Home purchase financing options;
 - 3. Home maintenance and landscaping techniques;
 - 4. Successful homeowner profiles;
 - 5. News from neighborhood organizations; and
 - 6. Budget and consumer tips.

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The Tenant Acknowledgement and Understanding of Rose Program Requirements

Acknowledgement and understanding with respect to the Rose Program is entered into by and between Owner and Qualified Tenant(s) listed below. A "Qualified Tenant" is the Head of Household and/or Co-Head of Household.

Owner Entity Name:

Owner Name:

Authorized Agent for the Owner:

Name:

Title:

Signature of Owner or Authorized Agent

DATE

If an accommodation for a disability is needed, an accommodation request should be submitted in writing to the Owner. (If an accommodation request is provided orally, the Owner must document the request in writing, including the person making the request, what accommodation was requested, and date of the request).

By Qualified Tenant(s):

DATE

DATE

DATE

A copy of this fully executed Acknowledgement and Understanding shall be kept in the tenant file.

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The Owner/GP Acknowledgement and Understanding of Rose Program Requirements 2015 Round Application

Acknowledgement and understanding with respect to the Iowa Finance Authority's Iowa ROSE Program is entered into by the Owner and General Partner at the time of application for Low Income Housing Tax Credits.

Project Name:

Owner Entity Name:

Signature of Authorized Representative of the Owner Entity

DATE

Signature of Authorized Representative of the General Partner/Managing Member

DATE

The Owner shall upload a copy of the ROSE Homeownership Plan and a signed copy of this Acknowledgement of Understanding under 2S of the online application.